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**ARIZONA DEPARTMENT OF ECONOMIC SECURITY**

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1789 W. Jefferson • P.O. Box 6123 • Phoenix, AZ 85005

Janet Napolitano  
Governor

Tracy L. Wareing  
Director

**MAR 14 2008**

Mr. Dennis Smith  
Executive Director  
Maricopa Association of Governments  
302 N. 1<sup>st</sup> Avenue, Suite 300  
Phoenix, Arizona 85003

Dear Mr. Smith:

On February 4, 2008, the President released his proposed federal fiscal year (FFY) 2009 budget, which includes a reduction of Social Services Block Grant (SSBG) funding at the same level proposed for FFY-2007 and FFY-2008. The FFY-2009 proposed budget, if passed, would result in a considerable reduction in SSBG funds for Arizona. Congress has started to work on a budget resolution for FFY-2009, but the final funding level for SSBG will not be determined until later this year.

The U.S. Department of Health and Human Services (DHHS) has posted Arizona's expected SSBG allocation based on the assumption that the President's proposed budget reduction for SSBG will prevail. DHHS has notified the Department of Economic Security (DES) that Arizona's state fiscal year (SFY) 2009 SSBG Plan must be based on the reduced level that reflects the President's proposed FFY-2009 budget reduction. DES is therefore requesting a SFY-2009 plan for your District that reflects the President's proposed budget reduction for SSBG funds.

Because of the uncertainty of the outcome of the federal budget work, DES is preparing to submit the SFY-2009 SSBG Plan to DHHS with two sets of figures, just as we did for the SFY-2008 SSBG Plan. The SFY-2009 SSBG Plan will include planning information based on the President's proposed FFY-2009 reduction in SSBG funding, as required by DHHS, and planning information based on level funding.

Because any reduction in services funded with SSBG at either the state or local levels will have an impact on DES's clients and require thoughtful consideration, the Department is requesting from DHHS an extension of the submittal date from June 1, 2008, to September 1, 2008, to ensure that there is sufficient time for development of a reduced plan. DES does not want to

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reduce services unnecessarily; therefore, we are planning to issue contracts beginning July 1, 2008, at the currently funded levels. If Congress actually cuts SSBG funds for FFY-2009, larger reductions would need to be implemented later in the fiscal year.

Attached are two charts. The first identifies funding for each of the councils of governments (COGs). It shows the SSBG fund allocation for SFY-2009 for each COG for planning services reflecting level funding from SFY-2008. It also identifies the estimated SFY-2009 reduced COG allocations based on the President's proposed budget reduction. The second chart shows the COGs' SSBG fund allocation for SFY-2009 broken out by service, as your COG submitted to DES in February 2008, and a column for you to identify the service-by-service allocations based on the President's proposed budget reduction. Please use the attached documents to prepare a plan for your District SFY-2009 SSBG at the proposed reduced funding level.

The Department is planning a teleconference call to discuss the issues involving timing for the submittal of the plan to DHHS and implementation of the SFY-2009 SSBG-funded contracts. In the next few days, we will contact you to schedule a conference call to discuss the issues involving the planning process.

If you have questions regarding this request, please contact John Hoag, Arizona's SSBG Community Planning Coordinator, at (602) 542-6159 or [jhoag@azdes.gov](mailto:jhoag@azdes.gov).

Sincerely,



James Hillyard  
Assistant Director  
Division of Business and Finance

Attachments: Councils of Governments SSBG Allocations SFY-2009  
SFY-2009 SSBG Locally Planned Services w/Proposed Reduction

cc: John Hoag, DES AZ SSBG Community Planning Coordinator  
Kathy Waite, DES Administrator, Policy and Planning Administration  
Mary Gill, DES Deputy Director of Operations and Special Projects  
Amy St. Peter, Planner, Maricopa Association of Governments, District I

**Councils of Governments  
SSBG ALLOCATIONS  
SFY-2009**

<b>DISTRICT</b>	<b>SFY-2009 COG Allocation Level</b>	<b>Pro Rata Reduction</b>	<b>President's Proposed Reduction Budget for SFY-2009</b>
<b>1-MAG</b>	<b>\$4,090,579</b>	<b>&lt;\$806,774&gt;</b>	<b>\$3,283,805</b>
<b>2-PAG</b>	<b>\$1,551,134</b>	<b>&lt;\$305,926&gt;</b>	<b>\$1,245,208</b>
<b>3-NACOG</b>	<b>\$ 431,451</b>	<b>&lt;\$ 85,094&gt;</b>	<b>\$ 346,357</b>
<b>4-WACOG</b>	<b>\$ 500,125</b>	<b>&lt;\$ 98,638&gt;</b>	<b>\$ 401,487</b>
<b>5-CAAG</b>	<b>\$ 453,099</b>	<b>&lt;\$ 89,364&gt;</b>	<b>\$ 363,735</b>
<b>6-SEAGO</b>	<b>\$ 438,169</b>	<b>&lt;\$ 86,419&gt;</b>	<b>\$ 351,750</b>